

Finance	\$6,522,679	\$10,942,191	\$35,171,568
Fire	\$22,571,039	\$22,571,039	\$42,448,368
HR	\$195,423	\$1,803,925	\$15,788,585
Legal	\$1,378,875	\$1,378,875	\$5,457,267
Legislative	\$324,632	\$324,632	\$3,845,421
Non Dept	\$9,779,921	\$15,774,211	\$16,501,412
Parks	\$8,466,499	\$8,466,499	\$12,995,480
Planning	\$10,440,698	\$10,440,698	\$9,174,475
Police	\$22,778,522	\$22,778,522	\$204,007,797
Public Works	\$14,826,092	\$14,826,092	
		\$110,378,381	

\$204,007,797
\$0

Council	5%	\$243,576
Parks	20%	\$974,303
Transportation	45%	\$2,192,182
Fire	15%	\$730,728
Police	10%	\$487,151
General Government	5%	\$243,576

\$4,871,516
\$600,000

Appendix C

City's Past and Current Budget Situation

Point #1: City revenues were hit hard as a result of the recession and cumulative effects of external and internal policy decisions.

The following support this observation:

- Total City general fund revenues remained very weak following the 2001 economic recession, growing by .5%/year while inflation averaged 2.5% during this same period [see attached excerpt, top of page 1];
- Between 2000 and 2004, the City lost \$3.7 million in buying power as City revenues grew by only \$900,000 while inflation during this same period totaled \$4.6 million [see attached excerpt, top of page 2]
- Sales Tax revenues, which constitute one-third of the City's general revenues, remained below 2000 levels at the end of 2004 and still remain below 2000 levels today [see attached excerpt, top of page 3];
- Property Taxes, the City's second largest revenue source, grew by 8% between 1995 and 2004 while inflation during the same period rose 32% [see attached excerpt, top of page 4]

- e. Fiscal impact of both external and internal policy decisions (i.e., the rocks in the rapids as the Council described in the LTFS draft) is estimated at \$51.8 million between 1995-2004 [see attached excerpt, page 6]

Point #2: To live within its reduced resources, the City has aggressively managed its costs. Cost containment efforts have included closely scrutinizing the use of overtime, filling vacancies only when absolutely necessary, negotiating and implementing health benefit cost containment measures, closely scrutinizing operating costs, and implementing market based compensation to align salaries and benefits with the market.

As a result, the City:

- a. Kept expenditure growth to 2.5%/year, comparable to inflation. *This is despite the fact that medical costs have increased on average 12% to 15% per year and general labor costs have increased on average 4.4% per year* [see attached excerpt, top of page 8]
- b. Reduced other operating costs such as a 21% reduction in overtime between 2000 and 2004; a 59% reduction in professional services; and a 17% reduction in operating supplies during this same period [see attached excerpt, top of page 8]

Point #3: To date, the City has found ways to responsibly maintain public services despite the downturn in revenues and pressures from the rising cost of doing business. However, as we look forward, revenues are no longer sufficient to pay for ongoing City services. The City is now at a crossroads and additional revenue is needed to continue current City services. Otherwise, basic City services will need to be reduced. [see attached excerpt, bottom of page 8; and July 19 2004 Finance presentation to Council titled “Road to Balancing the 2005-06 Budget”, slide 44]